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December 9, 2019

VIA ELECTRONIC FILING

Jocelyn G. Boyd, Esquire
Chief Clerk & Administrator
Public Service Commission of South Carolina
101 Executive Center Drive, Suite 100
Columbia, South Carolina 29210

RE: Application of Duke Energy Carolinas, LLC for Approval of the Transfer of
Property in Connection with a Lease Franchising Agreement and Request for
Expedited Review
Docket No. 2019-368-E

Dear Ms. Boyd:

By this letter, the South Carolina Office of Regulatory Staff ("ORS") hereby notifies the Public Service Commission of South Carolina ("Commission") that ORS has reviewed the filing submitted by Duke Energy Carolinas, LLC ("DEC" or "Company") requesting the Commission approve the transfer of property in Charlotte, N.C. ("Property") as part of a leaseback financing arrangement ("Application").

Overview of Company's Request

In Docket No. 2018-218-E, DEC sought an amendment to certain language of the issuance and sale of securities (not to exceed \$4 billion) requested. The Commission approved this request on August 8, 2018 in Order No. 2018-538. On May 31, 2019, the Company sought to expand the definition of "property" to include leasing - as well as acquisition - of real estate and to include construction of leased property as a potential use of these securities. The Commission approved this request on June 12, 2019 in Order No. 2019-434. Although approved by the Commission in the Order No. 2019-434, the Company has filed the Application out of an abundance of caution.

South Carolina Code Ann. § 58-27-1300 requires the Company to obtain permission from the Commission when the Company wishes to “sell, assign, transfer, lease, consolidate, or merge...” real property with a fair market value in excess of \$1,000,000.

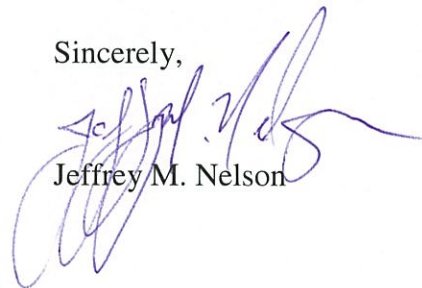
The Application states that the Property was purchased for \$27,500,000 in 2017 and will be sold at cost. The Application additionally states that the original cost of the Property will be credited as a reduction of the amount carried upon the books of DEC under Account 101, “Electric Plant in Service.” Further, the Application states that DEC will sell land to a financial counterparty at the purchase price and then simultaneously lease it back as part of financing the development and construction of the office building, consistent with the Commission’s prior order approving the financing arrangement. DEC’s request does seek cost recovery or special accounting treatment for the financing the development and construction of the office building.

ORS Recommendation

ORS does not object to the sale of the Property, as the Property will be sold at the same price as it was originally purchased which will ensure the Company’s customers are not negatively impacted. DEC has not included a description of the Property, the terms of the sale, or the terms of the leaseback as part of the Application. Finally, while DEC has not requested cost recovery as part of the Application, ORS fully reserves its rights to review cost recovery or special accounting treatment at a future time.

If you have any questions, please do not hesitate to contact me.

Sincerely,



Jeffrey M. Nelson

cc: All Parties of Record (via e-mail)
Joseph Melchers, Esquire (via e-mail)